



OFFICE OF THE STATE AUDITOR



DIANNE E. RAY, CPA
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STATE AUDITOR

Legislative Audit Committee December 3-4, 2018 Minutes

Day 1 - December 3, 2018

The Legislative Audit Committee (LAC or Committee) hearing convened at 10:00 a.m. in Senate Committee Room 357 of the Colorado State Capitol Building. Chair Neville called the meeting to order and roll was taken with the following result:

Committee Members

Senator Rhonda Fields (arrived 10:02 a.m.), Representative Tracy Kraft-Tharp, Representative Dafna Michaelson Jenet, Senator Tim Neville (Chair), Representative Kim Ransom, Representative Lori Saine, Senator Jim Smallwood, Senator Nancy Todd (Vice Chair)

The following Office of the State Auditor (OSA) staff and others attended:

OSA

Dianne E. Ray, State Auditor, Monica Bowers, Deputy State Auditor, Christopher Harless, Vickie Heller, Jenny Page, Kate Shiroff, Amber Spencer, Shannon Wawrzyniak, Meghan Westmoreland, Stefanie Winzeler

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Other Attendees

Department of Health Care Policy & Financing

Bonnie Silva, Daniel Krug, Chris Underwood

Community-Centered Boards

Blue Peaks Developmental Services: Brooke E. Hayden

Colorado Bluesky Enterprises: Michael Atlas-Acuña

Community Connections: Tara Kiene

Community Options: Tom Turner

Developmental Disabilities Resource Center: Beverly Winters

Developmental Pathways: Melanie Worley

Eastern Colorado Services for the Developmentally Disabled: Rhonda Roth

Envision: Celeste Ewert

Foothills Gateway: Debbie Lapp

Horizons Specialized Services: Susan Mizen

Imagine!: Mark Emery

Inspiration Field: Johnnie DeLeon

Mesa Developmental Services (Strive): Sharon Jacksi

Mountain Valley Developmental Services: Sara Sims

North Metro Community Services: Randy Broderson

Rocky Mountain Human Services: Shari Repinski

Southeastern Developmental Services: David Harbour

Southern Colorado Developmental Disabilities Services: Duane Roy

Starpoint: Robert Arnold

The Resource Exchange: David A. Ervin

10:01 a.m.:

Community-Centered Boards, November 2018, Performance Audit

Representative Michaelson Jenet made a motion to release the Community-Centered Boards, November 2018, Performance Audit. Representative Saine seconded the motion and the motion passed unanimously.

Following opening remarks and introductions by Monica Bowers, Bonnie Silva, and the CCBs, Vickie Heller provided an overview of the performance audit.

Recommendation #1 and three subparts were reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing. Discussion ensued regarding waitlist, funding reversion and allocation, impact to recipients, CCB capabilities/capacity, and program administration budget.

Recommendation #2 was reviewed, discussed, and agreed to by all 9 of the identified CCBs. Discussion ensued regarding case manager qualifications, case load, training, evaluation, work flow, report entry methodology, and recipient's individual service plans.

Recommendation #3 was reviewed, discussed, and agreed to by all 18 identified CCBs.

Recommendation #4 was reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing. Discussion ensued regarding prior delay and non-prioritization of issue, Department reassignments over CCBs, outcome expectations – minimum number of people served vs. value-based outcomes, program structure and flexibility, and employment training for IDD individuals.

Recommendation #5 was reviewed, discussed, and agreed to by all 20 CCBs.

Recommendation #6 was reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing. Discussion ensued regarding the BUS system, future installation of a new logging system, service plan meetings with recipients, equipment used by case managers to log documentation.

12:05 p.m.: Recess

1:31 p.m.

Continued: Community-Centered Boards, November 2018, Performance Audit

Following introductions by Monica Bowers, review of the findings and recommendations continued.

Recommendation #7 was reviewed, discussed, and agreed to by all 20 CCBs.

Recommendation #8 was reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing. Discussion ensued regarding improvements currently and expected to be in place within the systems.

Recommendation #9 was reviewed, discussed, and agreed to by the two CCBs identified.

Recommendation #10 was reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing. Discussion ensued regarding billing units vs. billing time, “creative” billing by

CCBs, reimbursement coverage, unit payment rate, case manager salary and working hours, stakeholder/rule-making process.

Recommendation #11 was reviewed, discussed, and agreed to by 10 of the 12 CCBs identified, one CCB partially agreed, and one CCB disagreed. Discussion ensued regarding micromanagement and turnover rate of case managers, history of 15-minute billing unit, value-based reimbursement, additional reimbursement coverage considerations.

Recommendations #12 and #13 were reviewed, discussed, and agreed to by the Department of Health Care Policy & Financing. Discussion ensued regarding reimbursement plan, Program Integrity and fraud, interChange edits, expected implementation date of system enhancement, potential impacts to CCBs as a result of the re-billing; cost impact, federal accountability, re-billing process – how and time involved.

Tom Turner, from Community Options, provided comments regarding issues of mileage in servicing individuals in rural Colorado. Additional closing comments were provided by several other CCBs and the Department of Health Care Policy & Financing.

Additional discussion ensued regarding potential future legislative actions – additional accountability to Committees of Reference, 15-minute increment fixes, and interim discussions on an informal level between members of the Legislative Audit Committee and the Department to move issues along.

3:47 p.m.: Recess

Day 2 – December 4, 2018

The Legislative Audit Committee (LAC or Committee) hearing reconvened at 9:00 a.m. in Hearing Room B of the Legislative Services Building. Chair Neville called the meeting to order and roll was taken with the following result:

Committee Members

Senator Rhonda Fields (arrived 9:06 a.m.), Representative Tracy Kraft-Tharp, Representative Dafna Michaelson Jenet, Senator Tim Neville (Chair), Representative Kim Ransom, Representative Lori Saine (arrived 9:22 a.m.), Senator Jim Smallwood, Senator Nancy Todd (Vice Chair)

The following Office of the State Auditor (OSA) staff and others attended:

OSA

Dianne E. Ray, State Auditor, Monica Bowers, Deputy State Auditor, Kerri Hunter, Deputy State Auditor, Matt Devlin, Deputy State Auditor, Greg Fugate, Sarah Grider, Jenny Page

Other Attendees

Governor's Office of Information Technology

Suma Nallapati , Brenda Berlin, William Chumley, Ramona Gomoll, David McCurdy

Berry Dunn

Charlie Leadbetter, Richard Boes

Department of Human Services

Dr. Robert Werthwein, Camille Harding

Colorado Department of Public Health and Environment

Karin McGowan, Garrison Kauffman

9:04 a.m.:

HB17-1361 Evaluation Report, Evaluation of State IT Resources, November 2018, Performance Audit

Vice Chair Todd made a motion to release the Performance Audit of HB17-1361 Evaluation Report, Evaluation of State IT Resources. Senator Smallwood seconded the motion and the motion passed unanimously.

Following introductions and opening remarks by Matt Devlin, Charlie Leadbetter provided an overview of the performance audit. Richard Boes provided details regarding the Recommendations.

Recommendation #1 and four subparts were reviewed, discussed, and the Governor's Office of Information Technology agreed to subparts A, B, and C of Recommendation #1. The Governor's Office of Information Technology disagreed with subpart D of Recommendation #1. Discussion ensued regarding personnel expansion due to OIT centralization, use of non-classified IT positions, key performance indicators (KPI), and the clearing process of exceptions.

Recommendation #2 and four subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology. Discussion ensued regarding individual agency capability to understand their hardware and ownership of assets.

Recommendation #3 and four subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology. Discussion ensued regarding cost-benefit analysis.

Recommendation #4 and two subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology. Discussion ensued regarding best-practice models.

Recommendation #5 was reviewed, discussed, and agreed to by the Governor's Office of Information Technology. Discussion ensued regarding the update of the cloud strategy

Recommendation #6 and five subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology. Discussion ensued regarding personnel capabilities and specific references/statutes used to determine recommendations.

Recommendation #7 and four subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology.

Recommendation #8 and three subparts were reviewed, discussed, and two of three subparts were agreed to by the Governor's Office of Information Technology. The Office disagreed with Subpart C. Discussion ensued regarding ownership defined in statute.

Recommendation #9 and two subparts were reviewed, discussed, and agreed to by the Governor's Office of Information Technology.

Recommendation #10 and 11 subparts were reviewed, discussed, and 10 of the 11 subparts were agreed to by the Governor's Office of Information Technology. The Office partially agreed with subpart K.

Recommendation #11 and three subparts were reviewed, discussed, and subparts B and C were agreed to by the Governor's Office of Information Technology. The Office partially agreed with subpart A. Discussion ensued regarding budget allocation and prioritization.

GENERAL BUSINESS

Minutes

Vice Chair Todd made a motion to approve the November 15, 2018 LAC minutes as presented. Representative Saine seconded the motion to approve the minutes and the motion passed unanimously.

Legislation

- **OSA Bill Draft revised**

Auditor Ray presented a revised Bill Draft to align the authority of OSA to access records as they relate to statutorily-required or authorized audits of non-state agencies. Requested changes were incorporated to specifically call out the statutory citations from the audit authorities given to OSA outside of the state government. Additional stakeholder input was sought out, and also resulted in a revised Bill Title.

Senator Smallwood made a motion to move the Bill to Bill Paper. Representative Ransom seconded the motion. A roll call vote was taken and the motion passed by a vote of 8-0. Primary sponsors for the bill will be Senator Smallwood, Senator Todd, Representative Saine, and Representative Kraft-Tharp. All other Committee members will be included as co-sponsors.

2019 Session Calendar

Auditor Ray provided a brief overview of the proposed 2019 Session Calendar. Vice Chair Todd made a motion to approve the 2019 Session Calendar. Representative Michaelson Jenet seconded the motion and the motion passed unanimously.

Status Reports

- **Department of Human Services – Office of Behavioral Health, Management of Substance Abuse Treatment Data Status, Performance Audit**

Following opening remarks and introductions by Monica Bowers, Sarah Grider provided an overview of the status report. Dr. Robert Werthwein provided additional details on the update. All six recommendations have been implemented.

- **Colorado Department of Public Health & Environment – AIR Program, Performance Audit**

Following opening remarks and introductions by Monica Bowers, Greg Fugate provided an overview of the status report. Karin McGowan provided additional details on the update. All three parts of the recommendation have been implemented.

Audit Request

Department of Human Services – Crisis Stabilization and Respite Services RFP Process

The Office of the State Auditor received an audit request for a performance audit of the RFP Process for the Crisis Stabilization and Respite Services within the Department of Human Services. State Auditor Ray requested preliminary research time as allowed by Committee Rules to determine background of the subject and possible questions the audit might answer. Vice Chair Todd provided additional comments. Representative Saine made a motion to proceed with the preliminary research. Representative Ransom seconded the motion and the motion passed unanimously.

January 2019 Election of Vice-Chair

Auditor Ray provided a brief overview of the process that will be implemented to elect a new Legislative Audit Committee Vice-Chair, a House Republican, at the January 15, 2018 meeting.

Reports Released Without a Hearing

Representative Saine made a motion to release the Reports Without a Hearing. Senator Smallwood seconded the motion and the motion passed unanimously.

- 1) Adams State University; Financial and Compliance Audit; Fiscal Years Ended June 30, 2018 and 2017

- 2) Auraria Higher Education Center; Financial and Compliance Audit, Fiscal Years Ended June 30, 2018 and 2017
- 3) CollegeInvest College Savings Program Funds; Financial Statements and Independent Auditor's Reports; Financial Audit, Years Ended June 30, 2018 and 2017; Compliance Audit, Year Ended June 30, 2018
- 4) Colorado Community College System Financial Statements and Independent Auditor's Reports; Financial Audit, Years Ended June 30, 2018 and 2017; Compliance Audit, Year Ended June 30, 2018
- 5) Colorado School of Mines; Financial Statements and Independent Auditor's Report; Financial Audit, Years Ended June 30, 2018 and 2017, Compliance Audit Year Ended June 30, 2018
- 6) Colorado Student Loan Program dba College Assist, Department of Higher Education, State of Colorado, Denver, Colorado; Financial and Compliance Audits, Fiscal Years Ended June 30, 2018 and 2017
- 7) Colorado Veterans Community Living Center at Rifle; Financial Statements with Independent Auditors' Reports; Year Ended June 30, 2018
- 8) Division of Gaming, Department of Revenue, State of Colorado; Financial Statements, Independent Auditor's Report and Supplementary Information; Years Ended June 30, 2018 and 2017
- 9) Fort Lewis College Financial and Compliance Audit; Fiscal Year Ended June 30, 2018 and 2017
- 10) University of Colorado Financial and Compliance Audit; June 30, 2018 and 2017
- 11) Western State Colorado University; Financial and Compliance Audit, Fiscal Years Ended June 30, 2018 and 2017

Kerri Hunter provided a brief overview of the reports.

Hearing adjourned at 12:17 p.m.

Minutes submitted by: Youngsin Joh
Temporary Executive Assistant
Office of the State Auditor